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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

DMF, INC. a California Corporation,

Plaintiff,

v.

AMP PLUS, INC. d/b/a ELCO
LIGHTING, a California Corporation;
ELCO LIGHTING, INC., a California
corporation;

Defendants.

Case No. 2:18-cv-007090-CAS-GJS

**DEFENDANTS' *EX PARTE*
APPLICATION FOR AN ORDER
CONTINUING THE HEARING
DATE ON PLAINTIFF'S MOTION
TO ENFORCE IPR ESTOPPEL
(ECF NO. 544); MEMORANDUM
OF POINTS AND AUTHORITIES
IN SUPPORT THEREOF**

*(Declaration of Roger L. Scott and
Proposed Order submitted concurrently
herewith)*

Ctrm: 8D
Judge: Hon. Christina A. Snyder

1 **TO THE COURT AND TO ALL PARTIES AND THEIR ATTORNEY**
2 **OF RECORD:**

3 **PLEASE TAKE NOTICE** that pursuant to L.R. 7-19 Defendants AMP
4 Plus, Inc. and ELCO Lighting, Inc.’s (collectively “ELCO”) herby apply *ex parte* to
5 the Court for an order continuing the hearing date on Plaintiff DMF, INC.’s
6 (hereinafter “DMF”) Motion to Enforce the Statutory IPR Estoppel and Relieve
7 DMF of the Rule 65(c) Preliminary Injunction Bond Requirement which is
8 currently set for February 1, 2021. ECF No. 544.

9 This application is made on the grounds that ELCO’s new counsel has only
10 recently substituted in and requires time to review the substantive issues in this
11 matter before opposing DMF’s Motion. *See* Declaration of Roger L. Scott (“Scott
12 Decl.”), ¶ 7. This application is made on an *ex parte* basis because ELCO’s
13 opposition to DMF’s motion is currently due in six days, on January 11, 2021. The
14 application is necessary because, despite repeated requests that DMF delay filing its
15 motion (which is not required to be filed by any existing deadline) to allow ELCO’s
16 counsel to investigate the issues, DMF insisted on filing its motion “to have
17 something on calendar.” Scott Decl. ¶ 13. ELCO is not at fault for the
18 circumstances leading to this application. At the time ELCO retained new counsel
19 no motion was on calendar, nor did any Court deadline exist that would have put
20 ELCO on notice that it would face a substantive motion within a few weeks of
21 substituting in and immediately following the holiday period. Scott Decl. ¶ 4.

22 **Notice:** Pursuant to Local Rule 7-19.1, notice of this *ex parte* application was
23 given to DMF’s counsel on January 5, 2021, and DMF’s counsel has informed
24 ELCO’s counsel that it will oppose this application. Scott Decl., ¶ 17.

1 The name, address, telephone number, and email address of DMF's counsel
2 is provided pursuant to Local Rule 7-19:

3
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13 Attorneys for Plaintiff DMF, INC.

14 This Application is based upon this Application, the Memorandum of Points
15 and Authorities in support hereof, the declaration of Roger L. Scott, the exhibits
16 attached thereto, and the concurrently filed Proposed Order, and such other and
17 further evidence and arguments as may be presented at the hearing on this
18 Application.

19
20 DATED: January 5, 2021

BUCHALTER
A Professional Corporation

21
22 By: /s/ Roger L. Scott

23 BUCHALTER
24 A Professional Corporation
J. Rick Taché
25 Kari L. Barnes
Roger L. Scott

26 Attorneys for Defendants
27 AMP Plus, Inc. doing business as ELCO
Lighting and ELCO Lighting, Inc.
28

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Defendants AMP Plus, Inc. and ELCO Lighting, Inc. (collectively “ELCO”) are disappointed that they are required to burden the Court with this *ex parte* application that could easily have been avoided had Plaintiff DMF, Inc. (“DMF”) extended the simple professional courtesy of allowing new counsel time to educate themselves before engaging in what amounts to dispositive motion practice. This is particularly troubling given that ELCO has repeatedly stated that it could likely narrow the issues, or even eliminate the need for, motion practice if DMF simply provided it time to review the issues.

DMF’s Motion asks the Court to find that ELCO are liable for patent infringement and disposing of all of ELCO’s affirmative defenses. Given the gravity of the motion, and the lack of any pending deadlines in this case, ELCO’s newly appearing counsel, Buchalter, requested that DMF withhold its motion for a few weeks. DMF refused. When asked why it insisted on filing its motion immediately when there no dates or deadlines in this case, DMF’s counsel responded “The reason is to have something on calendar.” ELCO explained that if DMF insisted on filing its motion as planned, ELCO would be forced to seek *ex parte* relief to allow its counsel adequately to prepare an informed opposition.

Since DMF refused, ELCO requests that the Court continue the hearing on DMF’s recently filed Motion to Enforce the Statutory IPR Estoppel and Relieve DMF of the Rule 65(c) Preliminary Injunction Bond Requirement (ECF No. 544, “Motion”) by three weeks, from February 1, 2021 to February 22, 2021. This brief extension would make ELCO’s opposition due on February 1, 2021 rather than January 11, 2021, and provide ELCO’s new counsel time to learn the substantive issues.

1 **II. STATEMENT OF FACTS**

2 **A. ELCO Has Made Every Reasonable Effort To Transition This**
3 **Case To New Counsel**

4 On December 18, 2020, attorneys at Buchalter appeared as ELCO's counsel
5 of record. ECF Nos. 538, 539, 540. Following its appearance, Buchalter has made
6 every effort to transition this case from prior counsel, Bryan Cave, to Buchalter.
7 ELCO informed Bryan Cave that Buchalter, and not Bryan Cave, would act as
8 counsel going forward, and instructed Bryan Cave to stop work. Declaration of
9 Roger L. Scott ("Scott Decl.") ¶ 3. Buchalter requested, and Bryan Cave has
10 cooperated, with transferring case files to Buchalter, with a priority on materials not
11 available from the public docket including items filed under seal, discovery, and
12 expert reports. *Id.*

13 Buchalter attorneys spent their holidays reviewing documents both in this
14 case and the related design patent case in an effort to educate themselves, and
15 corresponding with opposing counsel on a near daily basis. Scott Decl. ¶ 4. When
16 Buchalter entered the case, there were no dates, deadlines, or pending motions in
17 this matter. *Id.*

18 **B. DMF Refuses To Provide ELCO's New Counsel Time To**
19 **Transition Before Facing An Effectively Dispositive Motion**

20 On December 18, 2020—the same day it first appeared—Buchalter contacted
21 DMF's counsel to inform them that Buchalter was substituting into the case and to
22 schedule a meet and confer call. Scott Decl. ¶ 5. Later that afternoon, Buchalter
23 and DMF's counsel held a meet and confer call that lasted nearly an hour. *Id.*
24 Buchalter informed DMF's counsel that it had appeared as counsel, that ELCO's
25 existing counsel at Bryan Cave had been instructed to stop work, and that Buchalter
26 was transitioning into the case as quickly as possible. *Id.*

27 During the course of the call, attorneys for DMF stated that, the day prior,
28 they had informed Bryan Cave of DMF's intent to file a motion to establish the

1 preclusive effect of the final written decision in the *Inter Partes* Review of United
2 States Patent No. 9,964,266 (the “ ’266 Patent”) (the “IPR”). Scott Decl. ¶ 6.
3 DMF’s counsel asked if Buchalter would stipulate to the motion. *Id.* Buchalter
4 explained that they understood that the IPR was likely to have some preclusive
5 effect, but that Buchalter could not make an informed decision on the issue without
6 educating themselves as to the substantive issues in the case. *Id.* ¶ 7. DMF
7 threatened that, absent stipulation, it would file its motion on December 28, 2020.

8 On December 21, 2020, DMF sent ELCO a draft stipulation relating to IPR
9 estoppel. Scott Decl., Ex. 1. Apparently recognizing the transition of counsel,
10 DMF sent the stipulation only to Buchalter. Scott Decl. ¶ 8, Exh 1. As drafted, the
11 proposed stipulation required ELCO to agree that DMF had established
12 infringement liability and that the asserted claims are not invalid or unenforceable.
13 Exh. 1 to Scott Decl. at ¶ 11. To reach that conclusion, DMF required ELCO to
14 agree that it lacked any affirmative defenses, including those based on physical
15 products and other materials, which were not and could not have been presented at
16 the IPR. *Id.* ¶ 10.

17 On December 22, 2020, ELCO responded and again explained that, while
18 ELCO understood the IPR would have some preclusive effect, “[t]he stipulation, as
19 written, requires agreement to an expansive preclusion that may exceed that
20 actually resulting from the IPR decision. We cannot agree to such wide ranging
21 relief without properly educating ourselves on the issues.” Scott Decl. ¶ 9, Ex. 2.
22 ELCO explained that it required a reasonable amount of time to understand the
23 underlying issues to enable ELCO to “engage in a substantive meet and confer
24 *which will likely narrow the scope of any such motions.*” *Id.* ELCO stated that, if
25 DMF insisted on filing on December 28, 2020, ELCO would move *ex parte* to
26 continue the hearing date to allow ELCO to prepare. *Id.* In response, DMF falsely
27 claimed that “[t]he stipulation concerns essentially administrative procedural
28 issues” that required review of “a handful of documents.” Scott Decl. ¶ 10, Ex. 3.

1 On December 23, 2020, ELCO reiterated its position, stating “[w]e are
2 simply requesting that DMF delay filing of the motion it has threatened . . . so that
3 we, as new counsel, can properly educate ourselves on the case and make an
4 informed decision before entering into a stipulation or opposing any motion. Scott
5 Decl. ¶ 11, Ex. 4. ELCO explained that, in order to answer the questions posed by
6 DMF’s stipulation or any related motion, ELCO would require, “at a minimum, a
7 thorough review of:

- 8 • ELCO’s affirmative defenses.
- 9 • ELCO’s invalidity contentions and any expert reports relating to invalidity.
- 10 • The briefing and ruling on the motion for preliminary injunction.
- 11 • The briefing and ruling on the motion for summary judgment (we are
12 informed there was a motion for reconsideration that would also need to be
13 reviewed).
- 14 • The briefing and ruling on the IPR petition including the scope of prior art
15 that was presented and what prior art remains at issue.
- 16 • The relevant authority on the scope of IPR estoppel.
- 17 • The relevant authority governing a party’s obligation to post a bond and
18 when they can be relieved of that obligation (ELCO cannot rely solely on
19 DMF’s citation to a single case).”*Id.*

20 ELCO agreed to hold a telephonic meet and confer at 3:00 p.m. that day.
21 Scott Decl. ¶ 12. The parties’ December 23, 2020 telephone call was Kafkaesque.
22 DMF would demand to know what ELCO needed to do to inform itself, and ELCO
23 would explain the case documents it needed to review and the research it needed to
24 perform, referring DMF to the list in its email. *Id.* DMF would then claim that
25 ELCO had not explained what work it needed to do, and the process would start
26 again. *Id.* DMF refused to accept that ELCO’s new counsel needed to spend time
27 learning the case, instead insisting that agreeing to wide-ranging issue preclusion
28 was “simple.” *Id.*

1 Finally, ELCO attempted to re-frame the question: was DMF willing to
2 provide the professional courtesy of waiting four weeks to file its threatened
3 motion? Scott Decl. ¶ 13. DMF was not. *Id.* Instead, DMF said it would withhold
4 its motion for *one week*, i.e. it would file immediately after the holidays instead of
5 between Christmas and the New Year. *Id.* ELCO explained that one week, over
6 the holidays, was insufficient and it would seek *ex parte* relief should DMF
7 proceed. *Id.* When ELCO asked why DMF so urgently needed to file its motion
8 when there were no dates or deadlines in the case, DMF's counsel responded "[t]he
9 reason is to have something on calendar." *Id.*

10 During the course of the meet and confer process, DMF indicated that,
11 although its injunction bond was posted in March, it was required to make a
12 payment in late January 2021. Scott Decl. ¶ 14. In an effort to address this specific
13 issue, ELCO agreed to waive the bond requirement, provided that ELCO's
14 agreement not be used against it on any substantive issue. *Id.* DMF appeared to
15 agree, but later circulated a draft stipulation and proposed order that failed to
16 include this critical limitation, but included DMF's assertion that it had established
17 infringement liability and that ELCO lacked any defenses. Scott Decl. ¶ 15. When
18 ELCO attempted to revise the language to prevent DMF from gaining an advantage,
19 DMF withdrew its agreement to the stipulation. *Id.*

20 Subsequently, the parties exchanged further emails regarding DMF's
21 threatened motion, with ELCO again explaining why it requires time to educate
22 itself on the case, and DMF refusing to agree, even claiming that ELCO had not
23 explained its position. Scott Decl. ¶ 15-16, Ex. 5, 6, 7. On January 4, 2021, DMF
24 filed its threatened motion. As a result, ELCO brings this *ex parte* application.
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1 **III. ARGUMENT**

2 The Court has the authority to continue hearing dates and control its docket.
3 *See Leyva v. Certified Grocers of Cal., Ltd.*, 593 F.2d 857, 863-64 (9th Cir. 1979)
4 (Holding that a trial court may stay or continue an action “pursuant to its power to
5 control its docket and calendar and to provide for a just determination of the cases
6 pending before it”). The Court may grant relief on an *ex parte* basis where the
7 moving party’s cause will be irreparably harmed if the request is heard according to
8 a regularly noticed motion and the moving party is without fault in creating the crisis
9 that requires *ex parte* relief. *Mission Power Eng'g Co. v. Cont'l Cas. Co.*, 883 F.
10 Supp. 488, 492 (C.D. Cal. 1995).

11 Here, good cause exists to continue hearing on DMF’s Motion because, absent
12 Court intervention, ELCO will be forced to oppose the Motion before its newly-
13 retained counsel has had the opportunity to educate themselves as to the issues in this
14 matter. In contrast, DMF will not suffer any prejudice by a short continuance of this
15 hearing as there are no other dates or deadlines on calendar in this case to be delayed
16 by the requested continuance.

17 Nor can ELCO be found at fault for the crisis caused by DMF’s insistence on
18 filing its Motion despite ELCO’s repeated requests that it delay filing by a few weeks
19 to allow new counsel to get up to speed. DMF is simply seeking to take advantage
20 of the transition of counsel for its own benefit.

21 During the meet and confer process, DMF took the myopic position that
22 ELCO’s new counsel must specifically identify what issues in DMF’s (then
23 threatened) motion counsel disagreed with or required additional time to review. Of
24 course, DMF’s position intentionally misses the point: new counsel cannot
25 adequately assess what areas it agrees or disagrees on, or require further research,
26 without first educating themselves on the substantive issues in the case.

27 Similarly, DMF has asserted that the fact that Bryan Cave has not been
28 formally excused from the case means that Bryan Cave, and not Buchalter, can assess

1 and oppose the motion in an informed manner. Again, DMF ignores how transition
2 of counsel works. California Rule of Professional Conduct 3-700(C)(5) allows for
3 permissive withdrawal of counsel if a client “knowingly and freely assents to
4 termination of the employment.” When changing counsel, it is not uncommon for a
5 client to ask its prior counsel to cease work while it retains new counsel. *See, e.g.,*
6 *Bragel Int'l Inc. v. Stickeebara*, No. CV1704860ABJEMX, 2018 WL 8244001, at *2
7 (C.D. Cal. Aug. 15, 2018) (“Because Defendant has demanded that Buchalter cease
8 its representation, Buchalter has stated an adequate reason to withdraw.”). It would
9 be unfair to insist that ELCO be charged by two law firms (one of which it has
10 terminated) simply because DMF wants to file its Motion *now*. Moreover, DMF
11 knows that Buchalter, and not Bryan Cave, is ELCO’s chosen counsel: *since*
12 *Buchalter first appeared on December 18, 2020, DMF has not copied Bryan Cave*
13 *on any of its correspondence*. Thus, any argument that Bryan Cave is, or should be,
14 involved in the current dispute is specious.

15 Finally, DMF cannot demonstrate any prejudice from continuing the motion
16 hearing by three weeks. DMF first claimed that it’s “prejudice” was a requirement
17 to make a bond payment in “the last week of January 2021.” Of course, DMF made
18 this claim on December 21, 2020, when it was already too late to have a motion heard
19 prior to that supposed deadline. Other than that, DMF’s only justification for the
20 purported urgency of its Motion was “to have something on calendar” with the Court.
21 Continuing the hearing on DMF’s motion would still satisfy DMF’s questionable
22 objective.

1 **IV. CONCLUSION**

2 For the foregoing reasons, ELCO respectfully requests that this Court
3 continue the hearing on DMF's Motion to Enforce the Statutory IPR Estoppel and
4 Relieve DMF of the Rule 65(c) Preliminary Injunction Bond Requirement for three
5 weeks to February 22, 2021, and continue ELCO's opposition deadline
6 accordingly.

7
8 DATED: January 5, 2021

BUCHALTER
A Professional Corporation

9
10 By: /s/ Roger L. Scott

11 BUCHALTER
12 A Professional Corporation
13 J. Rick Taché
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